new file

This prospectus is not and under no circumstances is to be construed as a public offering of any of these securities for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

STANCOR LIMITED

(incorporated under the laws of Ontario)

120,000 shares

(without par value)

and

Share Purchase Warrants in respect of 60,000 shares

Offered in units of 2 shares and a Share Purchase Warrant in respect of 1 share.

The Share Purchase Warrants will entitle the bearers thereof to purchase the number of shares without par value in the capital of the Company, as presently constituted, specified therein at any time up to and including June 15, 1975 at the price of $8.00 per share.

The Indenture pursuant to which the Share Purchase Warrants will be issued will contain provisions for adjustments of the purchase price and of the number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants in certain events more fully referred to on pages 7 and 8 of this prospectus.

TRANSFER AGENT AND REGISTRAR FOR THE SHARES	GUARANTY TRUST COMPANY OF CANADA TORONTO, HANOVER AND MONTREAL

We, as principals, offer these units each consisting of 2 shares and a Share Purchase Warrant in respect of 1 share subject to prior sale and change in price if, as and when issued and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Osler, Hoskin & Harcourt, Toronto, Ontario, and on our behalf by Messrs. McCarthy & McCarthy, Toronto, Ontario.

Reference is made to page 9 of this prospectus for a statement relating to our position as promoter of the Company.

PRICE: $12.00 PER UNIT

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that definitive share certificates for the shares and definitive Share Purchase Warrants will be available for delivery on or about August 16, 1965.

The shares and Share Purchase Warrants hereby offered are speculative securities.

ANNETT & COMPANY LIMITED

220 BAY STREET, TORONTO 1, ONTARIO, TELEPHONE 362-7661

129 ST. JAMES ST. W., MONTREAL 1, QUE., TELEPHONE 844-1592

The following information has been supplied by Mr. Joseph William Stack Jr., the President of the Company.

THE COMPANY

Stancor Limited (hereinafter referred to as "Stancor" or the "Company") was incorporated under the laws of Ontario by letters patent dated March 8, 1965. Stancor was formed to carry on business either directly or through ownership of shares in other companies in the furniture manufacturing industry and associated fields. It will be the policy of the Company to acquire and integrate a group of furniture manufacturing divisions capable of producing a wide range of furniture products. The objective is to form a group which will be one of the larger producers of quality furniture in Canada and which will be capable of competing in the United States.

As a first step in this programme on May 21, 1965, the Company acquired all of the outstanding shares of four companies controlled by the Peppler family for a total consideration of $1,000,000 which purchase price was satisfied by the payment of $750,200, the issuance of 36,000 shares in the capital of Stancor and the balance by the issuance of two 6% promissory notes in the principal amount of $25,000 each due May 21, 1966 and May 21, 1967 respectively.

The four companies are Peppler Bros. Company Limited, The Neustadt Manufacturing Company Limited, Peppler-Selig Sales Limited and John C. Mundell & Company Limited.

THE COMPANIES

Peppler Bros. Company Limited ("Peppler") was incorporated in 1920 under the laws of the Province of Ontario.

Peppler is a large and respected Canadian manufacturer of quality dining and bedroom suites as well as tables and chairs. A family owned operation, the company has been actively engaged in this branch of the furniture business (known as case goods) for over two generations. The factory of Peppler, located in Hanover, Ontario, is a four storey building of the traditional type similar to that operated by most case goods manufacturers. The equipment and machinery are modern and many of the major machines have been purchased in the last eighteen months.

John C. Mundell & Company Limited ("Mundell") produces quality upholstered furniture under the brand name Peppler-Selig in Elora, Ontario. This company is entitled to use the Selig name under a royalty arrangement with Selig Manufacturing Company Inc. of Massachusetts under which designs, material selections and certain merchandising programmes are made available to Mundell. This company's plant consists of four joined Butler Buildings located on an eight acre site in Elora, convenient to the Guelph-Kitchener labour market. In contrast to the case goods industry, upholstery manufacturing requires a smaller investment in machinery but is dependent on an ample labour supply. The plant's proximity to a large source of labour is an important advantage.

Peppler-Selig Sales Limited ("Selig") is a sales company which performs the marketing function for both Peppler and Mundell. Its principal assets are accounts receivable which are offset by accounts payable due to Peppler and Mundell.

The Neustadt Manufacturing Company Limited ("Neustadt") was used by the Peppler family as a holding company. It owns all outstanding shares of Selig and Mundell and 1,000 common shares of Peppler.

Sales for the four companies amounted to $2,232,773 in 1964. Current sales volume is expected to exceed 1964 volume.

FUTURE PLANS

The Company is proceeding with plans to erect in Hanover, Ontario a new one-storey factory of approximately 200,000 sq. ft. and to expand and modernize the existing factory of Peppler by carrying out certain additions and alterations. The ground will be broken for the new plant in August, 1965, and it is expected that it will be in production by March, 1966. It is expected that the additions and alterations to the existing factory will be completed at the same time. The new factory plus the additions and alterations to the existing factory will provide an annual designed production capacity of $4 - 5,000,000 on a one-shift basis. The expected reductions in manufacturing costs and the advantages of straight line production should result in substantially better profit margins. The existing factory of Peppler will be used for the production of specialty items and custom work as well as for any overflow production.

The Company has entered into a contract dated July 16, 1965 with The Austin Company Limited, General Contractors, providing for the erection of the new factory and for the construction of the additions and alterations to the existing factory. As stated in paragraph 21 of the Statutory Information, the Company purchased on July 15, 1965 a parcel of real property adjacent to Hanover, Ontario on which the new factory will be erected.

Pursuant to the policy and objective stated above, the Company is presently negotiating for the acquisition of several other furniture companies.

MANAGEMENT

The President of the Company is Mr. J. William Stack, Jr. Mr. Stack has had a number of years of senior executive experience, ten years with General Motors in the United States, three years in the malting industry and prior to becoming President of Stancor was General Sales Manager of Massey-Ferguson Inc., in charge of the entire American sales program.

Mr. Frederick H. Peppler has been the President of Peppler since 1949 and will remain with the Company in the capacity of General Manager of the Peppler operations and as a Vice-President and Director of Stancor.

Mr. Robert L. T. Baillie, a chartered accountant, has joined the Company as Vice-President and Treasurer. Previously he was Comptroller, North American Operations, of Massey-Ferguson Limited. Prior to joining Massey-Ferguson in 1957 he was an associate of a leading Canadian firm of chartered accountants.

Mr. J. Edward Peppler, the brother of Frederick H. Peppler, directs the production operations in Hanover. He has spent his entire business career in the furniture industry.

The Mundell plant in Elora is managed by Mr. David Eby who has spent 17 years in the furniture industry. He joined Mundell in 1961.

Special consultant to the Company is Mr. Edward Lucas who formerly was the principal furniture buyer of one of Canada's largest retailing organizations.

PURPOSE OF ISSUE

The net proceeds to Stancor from the sale of the 120,000 shares and 100,000 share purchase warrants proposed to be issued by Stancor (of which 60,000 will be issued with the said 120,000 shares) will be used to the extent of approximately $500,000 to retire the bank loan incurred by Stancor to provide part of the cash portion of the purchase price of the shares of the Peppler companies acquired and the remainder of $134,000 will be used for general corporate purposes.

CAPITALIZATION OF STANCOR

(After giving effect to the present financing)

	Authorized	Issued
Common shares without par value	500,000 (Note 1)	271,000

Note 1: Of which 100,000 shares will be reserved for issue upon exercise of share purchase warrants to purchase shares at the price of $8.00 per share until June 15, 1975 and 20,000 shares will be reserved for issue upon the exercise of stock options proposed to be granted to officers or employees.

EARNINGS

A pro forma statement prepared by the Company's auditors of combined earnings for the ten years and three months ended March 31, 1965, follows. This statement incorporates the results of both the case goods and the upholstered goods business. The net combined operating losses in the years 1957 to 1962 inclusive are essentially all attributable to the upholstered goods business conducted by Mundell. It was not until complete control had been obtained in 1964 that the management of Peppler was able to change Mundell into a profitable operation.

The following is the report which has been received from the auditors of Stancor.

PEPPLER BROS. COMPANY LIMITED, PEPPLER-SELIG SALES LIMITED, THE NEUSTADT MANUFACTURING COMPANY LIMITED, AND JOHN C. MUNDELL & COMPANY LIMITED

PRO FORMA STATEMENT OF COMBINED EARNINGS
For the Ten Years and Three Months Ended March 31, 1965

Year ended December 31	Income before interest, depreciation, profits on sale of fixed assets, and income taxes	Interest on bank and other borrowings	Depreciation (notes 2 & 5)	Profit (loss) on sale of fixed assets	Income (loss) before income taxes	Income taxes provided (recovered) (note 2)	Net income (loss)
1955	$ 94,427	$ 231	$49,510	$ 6,955	$ 51,641	$ 35,200	$ 16,441
1956	119,125	2,883	48,597	6,546	74,191	46,200	27,991
1957	13,908	3,101	53,913	427	(42,679)	(13,200)	(29,479)
1958	69,645	4,354	46,840	1,081	19,532	4,700	14,832
1959	19,016	791	43,174	2,915	(22,034)	(10,500)	(11,534)
1960	30,105	4,129	39,201	(6,794)	(20,019)	(10,700)	(9,319)
1961	11,029	12,335	35,229	37	(36,498)	(3,300)	(33,198)
1962	7,808	13,998	38,626	(1,662)	(46,478)	1,100	(47,578)
1963	144,571	12,745	47,661		84,165	31,400	52,765
1964	187,992	23,278	53,754	2,520	113,480	46,200	67,280
1965 (3 months ended March 31) (note 4)	69,365	7,474	12,385	750	50,256	24,200	26,056

NOTES TO PRO FORMA STATEMENT OF COMBINED EARNINGS

1. The above pro forma statement includes the earnings of Peppler Bros. Company Limited, The Neustadt Manuafcturing Company Limited and John C. Mundell & Company Limited for the ten years and three months ended March 31, 1965, and of Peppler-Selig Sales Limited from the date of commencement of operations on January 1, 1957 to March 31, 1965. The earnings of John C. Mundell & Company Limited, which does not have a December 31 fiscal year-end, have been prorated to a December 31 basis.
2. The following adjustments have been made for purposes of the above pro forma statement of combined earnings:
   (a) Inter-company income and expenses have been eliminated.
   (b) A depreciation adjustment reflected in the surplus account of one of the companies at March 31, 1965 for depreciation not provided in previous years, has been allocated back to the years concerned.
   (c) Income taxes as provided in the companies' accounts have been recalculated on the basis that the companies were associated for tax purposes throughout the period.

(d) The income taxes of one of the companies for the year 1964 and the three months ended March 31, 1965 were reduced by $20,300 and $7,000 respectively as a result of the carry-forward for tax purposes of prior years' losses. In the above statement these tax credits have been allocated back to the loss years giving rise to the credits, i.e. 1959—$9,200; 1960—$11,700; 1961—$6,400. (Note: Further losses for the years 1961 and 1962 are available to be carried forward against future profits which would otherwise be subject to tax, subject to a 5-year carry-over limitation. At current tax rates, the tax credits which would result from the carry-forward of these losses against future profits would amount to approximately $42,000.)

3. The following non-recurring items have been excluded from the earnings figures shown above:

Credits —	
1955—Life insurance proceeds	$ 12,824
1956—Excess of insurance proceeds over net book value of buildings and equipment destroyed by fire	101,949
Charge —	
1964—Legal and other costs re damage suit	15,438

4. Because of seasonal and other factors, the net income for the three months ended March 31, 1965 is not necessarily indicative of earnings for the full year ending December 31, 1965.

5. In future years annual depreciation charges will be increased by approximately $24,000 as a result of the increase in the values assigned to machinery and equipment as explained in Note 2(c) to the pro forma consolidated balance sheet as at March 31, 1965.

AUDITORS' REPORT

To the Directors of
Stancor Limited:

We have examined the accompanying pro forma statement of combined earnings of Peppler Bros. Company Limited, Peppler-Selig Sales Limited, The Neustadt Manufacturing Company Limited, and John C. Mundell & Company Limited for the ten years and three months ended March 31, 1965. In the case of the three companies of which we have been the auditors throughout the period, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to the earnings of the fourth company for the years 1955 to 1964 inclusive, we have relied upon the reports of other independent accountants.

In our opinion, based on our examination and on the reports of other independent accountants as noted above, the accompanying pro forma statement, when read with the notes thereto, presents fairly the combined earnings of the companies for the ten years and three months ended March 31, 1965, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Canada,
August 3, 1965.

Clarkson, Gordon & Co.,
Chartered Accountants.

STANCOR LIMITED

(Incorporated under the laws of Ontario)
and subsidiary companies

PRO FORMA CONSOLIDATED BALANCE SHEETS

As at March 31, 1965

ASSETS

		Before proposed issue (Note 2)	After proposed issue (Note 3)
CURRENT:			
Cash		$ 113,186	$ 247,186
Accounts receivable (less allowance for doubtful accounts, $2,500)		364,513	364,513
Inventories, at the lower of cost or market		557,313	557,313
Prepaid expenses and other current assets		32,480	32,480
Total current assets		1,067,492	1,201,492
FIXED:			
Land-cost		18,623	18,623
Buildings-cost		425,930	425,930
Machinery and equipment—			
Original cost to subsidiary companies	$ 783,953		
Excess of purchase price of shares of subsidiary companies over book values of net assets acquired, allocated to machinery and equipment (Note 2(c))	239,648	1,023,601	1,023,601
		1,468,154	1,468,154
Less accumulated depreciation		776,116	776,116
		692,038	692,038
ORGANIZATION AND SHARE ISSUE EXPENSES			40,000
		$ 1,759,530	$ 1,933,530

LIABILITIES

		Before proposed issue	After proposed issue
CURRENT:			
Bank indebtedness—			
Parent company (secured)		$ 500,000	
Subsidiary companies (against which certain assets are pledged)		454,716	$ 454,716
Accounts payable and accrued charges		159,308	159,308
Income and other taxes payable		30,142	30,142
Total current liabilities		1,144,166	644,166
DEFERRED NOTES PAYABLE:			
6% note due May 21, 1966	$ 25,000		
6% note due May 21, 1967	25,000	50,000	50,000
DEFERRED INCOME TAXES		20,564	20,564
SHAREHOLDERS' EQUITY:			
Capital stock—			
Authorized: 500,000 shares without par value			
Issued and outstanding:			
Before proposed issue—151,000 shares		544,800	
After proposed issue—271,000 shares			1,213,800
Contributed surplus			5,000
		544,800	1,218,800
		$ 1,759,530	$ 1,933,530

On behalf of the Board:

Director J. W. STACK JR.

Director D. R. ANNETT

(See accompanying notes to pro forma consolidated balance sheets)

STANCOR LIMITED
and subsidiary companies

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEETS
As at March 31, 1965

1. Stancor Limited was incorporated on March 8, 1965 but did not carry on any active commercial operations prior to acquisition of the companies referred to in Note 2(c) below. Only the three original incorporators' shares were outstanding at March 31, 1965.
2. The pro forma consolidated balance sheet "before proposed issue" gives effect, as at March 31, 1965 to:
   (a) The issue of supplementary letters patent dated May 3, 1965 increasing the company's authorized capital from 40,000 to 500,000 shares without par value.
   (b) The issue and sale during April and May, 1965 of 115,000 shares without par value by private subscription for $345,000 cash.
   (c) The acquisition, on May 21, 1965, either by direct purchase or by purchase of shares of the holding company, of all the outstanding shares of The Neustadt Manufacturing Company Limited (holding company), Peppler Bros. Company Limited, Peppler-Selig Sales Limited, and John C. Mundell & Company Limited for $1,000,000, payable $750,200 in cash (financed to the extent of $500,000 by temporary bank borrowings), $50,000 in 6% promissory notes maturing $25,000 on May 21, 1966 and $25,000 on May 21, 1967, and $199,800 satisfied by the issuance of 36,000 fully paid and non-assessable shares without par value of Stancor Limited. The excess of the purchase price of the shares over the book values of the underlying net assets acquired, $239,648, has been allocated to machinery and equipment in the pro forma consolidated balance sheet. An appraisal of the machinery and equipment of Peppler Bros. Company Limited by Warnock Hersey Appraisal Company Ltd. in November, 1964 indicated that depreciated replacement values exceeded net book values by more than this amount.
   (d) The repayment of balances totalling $76,714 owing to the companies referred to in 2(c) by certain of the previous shareholders, directors, officers and employees.
   (e) The payment on June 30, 1965 of a note payable due on that date, in the amount of $65,600.
3. The pro forma consolidated balance sheet "after proposed issue" gives effect, as at March 31, 1965, to the transactions referred to in Note 2, together with the following transactions:
   (a) The issue and sale, pursuant to an underwriting agreement dated June 15, 1965 as amended by letter agreement dated July 23, 1965 between Stancor Limited and Annett & Company, Limited, of—
      (i) 120,000 shares without par value to which will be attached warrants to purchase an additional 60,000 shares without par value, for a total of $672,000 cash (allocated $669,000 to capital and $3,000 to contributed surplus);
      (ii) warrants to purchase 40,000 shares without par value, for a total of $2,000 cash (allocated to contributed surplus).
   (b) The application of $500,000 of the proceeds from underwriting to retire the temporary bank loan obtained to assist in financing the acquisition referred to in 2(c).
   (c) The payment of organization and share issue expenses estimated at $40,000.
4. 100,000 shares will be reserved for possible issuance upon the exercise of the share purchase warrants referred to in 3(a) above. Such warrants will entitle the holders thereof to purchase shares at a price of $8 per share until June 15, 1975 subject to adjustment under certain conditions as provided in the Share Purchase Warrant Indenture pursuant to which the share purchase warrants are to be issued. An additional 20,000 shares will be reserved for possible issuance upon the exercise of stock options proposed to be granted to officers or employees of the company and its subsidiaries. Details of such stock options have not yet been determined.
5. Capital expenditure commitments outstanding at March 31, 1965 totalled approximately $100,000. The company also is proceeding with plans for the construction of a new one-storey factory in Hanover, Ontario, and for the making of certain additions and alterations to the existing factory of Peppler at an estimated cost, including machinery and equipment and inclusive of the purchase price of the land on which the new factory is to be erected, of $2,600,000, for which the method of financing has yet to be determined.
6. Two of the subsidiary companies are participants in a non-contributory joint industry-union pension plan which went into effect on January 1, 1962. To provide for the pensions payable on retirement, the companies have been contributing amounts (based on actuarial rates determined by an independent actuary) which include the estimated current service cost plus the instalment funding of past service cost over the 10-year period 1962 to 1971 inclusive. Annual contributions to the plan since its inception have been: 1962, $29,816; 1963, $31,929; 1964, $38,500; 1965 (3 months), $10,718.

AUDITORS' REPORT

To the Directors of
Stancor Limited:

We have examined the accompanying pro forma consolidated balance sheets of Stancor Limited and subsidiary companies as at March 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, (a) the accompanying pro forma consolidated balance sheet headed "before proposed issue" presents fairly the consolidated financial position of the companies as at March 31, 1965 after giving effect to the transactions set forth in Note 2, and (b) the accompanying pro forma consolidated balance sheet headed "after proposed issue" presents fairly the consolidated financial position of the companies as at March 31, 1965 after giving effect to the transactions set forth in Notes 2 and 3, both in accordance with generally accepted accounting principles.

Toronto, Canada,
August 3, 1965.

Clarkson, Gordon & Co.
Chartered Accountants.

STATUTORY INFORMATION

1. The full name of the Company is STANCOR LIMITED (hereinafter called the "Company") and the address of the head office of the Company is Britannica House, 151 Bloor Street West, Toronto, Ontario.

2. The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated March 8, 1965. Supplementary Letters Patent dated May 3, 1965 increasing the authorized capital of the Company from 40,000 shares without par value to 500,000 shares without par value have been issued to the Company.

3. The general nature of the business transacted or to be transacted by the Company is that of furniture manufacturing and the management of and investment in companies engaged in furniture manufacturing and related lines.

4. The name in full, present occupation or description and home address in full of each of the Directors and Officers of the Company are as follows:

Officers

DOUGLAS RUDYARD ANNETT	Chairman of the Board	80 Glengrove Avenue West, Toronto, Ontario
JOSEPH WILLIAM STACK, JR.	President	41 Strathedean Road, Toronto, Ontario
FREDERICK HENRY PEPPLER	Vice-President	11 Tally Lane, Willowdale, Ontario
ALLAN LESLIE BEATTIE, Q.C.	Secretary	89 Douglas Drive, Toronto, Ontario
ROBERT LEGAT TREVORROW BAILLIE	Vice-President and Treasurer	88 Glencairn Avenue, Toronto, Ontario

Directors

DOUGLAS RUDYARD ANNETT	Investment Dealer	80 Glengrove Avenue West, Toronto, Ontario
ALLAN LESLIE BEATTIE, Q.C.	Solicitor	89 Douglas Drive, Toronto, Ontario
ROBERT DUCAS	Executive	Pawling, New York, New York
ALEC ROY JACOBS	Executive	37 Glenallan Road, Toronto, Ontario
RICHEY BRYCE LOVE	Solicitor	714 Earl Grey Crescent, Calgary, Alberta
FREDERICK HENRY PEPPLER	Executive	11 Tally Lane Willowdale, Ontario
JOSEPH WILLIAM STACK, JR.	Executive	41 Strathedean Road, Toronto, Ontario

5. The auditors of the Company are Messrs. Clarkson, Gordon & Co., Chartered Accountants, 15 Wellington Street West, Toronto, Ontario.

6. Guaranty Trust Company of Canada, at its stock transfer offices at 366 Bay Street in the City of Toronto, P.O. Box 328, 261 - 10th Street in the Town of Hanover, Ontario and 247 St. James Street West in the City of Montreal, Quebec, is the transfer agent and registrar for the shares in the capital of the Company.

7. The authorized capital of the Company consists of 500,000 shares without par value of which 151,000 shares have been issued and are outstanding as fully paid and non-assessable.

8. Each share in the authorized capital of the Company is equal to every other share and all shares will participate equally on liquidation or distribution of assets and enjoy equal rights to dividends and full voting rights of 1 vote per share at all annual and general meetings of shareholders.

9. No bonds or debentures of the Company are outstanding or are proposed to be issued. The Company presently has outstanding a bank loan in the amount of $500,000 which loan is secured by the pledge with the bank of all the issued and outstanding shares of Peppler, Mundell, Selig and Neustadt and which loan will be retired from the proceeds of the sale of the securities referred to in paragraph 13 hereof. Reference is made to paragraph 10 hereof.

10. No substantial indebtedness is to be created or assumed which is not shown in the pro forma consolidated balance sheets as at March 31, 1965 forming part of this prospectus except that the Company is proceeding with plans for the construction, expected to commence in August, 1965, of a new one-storey factory in Hanover, Ontario with an area of approximately 200,000 sq. ft. and for the making of certain additions and alterations to the existing factory of Peppler. It is estimated that the cost to the Company of the new factory and of the additions and alterations to the existing factory, including machinery and equipment and inclusive of the purchase price of the land on which the new factory is to be erected, will be approximately $2,600,000. It is anticipated that a portion of such costs will be borrowed either by way of conventional mortgage loan or by the issue of bonds or debentures or otherwise.

11. The Company proposes to issue Share Purchase Warrants entitling the bearers thereof to purchase on or before the close of business on June 15, 1975 an aggregate of 100,000 shares in the capital of the Company at a price of $8.00 per share to and including June 15, 1975. The Share Purchase Warrants will expire at the close of business on June 15, 1975. The Share Purchase Warrants are to be issued under and pursuant to an indenture (hereinafter referred to as the "Warrant Indenture") to be dated as of June 1, 1965 and to be made between the Company and Guaranty Trust Company of Canada as Trustee. The Warrant Indenture will contain provisions for adjustment to the subscription price and number of shares issuable pursuant to the privilege attaching to the Share Purchase Warrants in certain events, including a subdivision or consolidation of the shares in the capital of the Company or any re-organization or reclassification of the share capital of the Company, or in the event of any amalgamation of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation, or in the event of the issue of any shares or rights or options to purchase shares for a consideration less than the subscription price in effect at the time of such issue. In addition, the Company will covenant in the Warrant Indenture to give at least 20 days prior notice to holders of unexercised Share Purchase Warrants of the date on which the books of the Company shall close or record be taken for (i) payment of any dividend payable in shares upon any of its shares or the making of any distribution (other than regular cash dividends paid at an established annual rate) to the holders of its shares (ii) the offering for a subscription pro rata to the holders of its shares of any additional shares of any class or other rights or (iii) the determining of any right to vote in respect of any capital re-organization or reclassification of the capital of the Company or the amalgamation of the Company with or the sale of all or substantially all of its assets to any other corporation or involuntary dissolution, liquidation or winding up of the Company.

The Company proposes to reserve an aggregate of 20,000 shares for issue upon the exercise of stock options proposed to be granted to officers or employees of the Company and its subsidiaries. Details of such stock options have not as yet been determined. Save as hereinbefore stated, no securities of the Company are covered by options outstanding or proposed to be given by the Company.

12. The Company proposes to issue 120,000 shares in the capital of the Company and Share Purchase Warrants entitling the bearers thereof to purchase an aggregate of 100,000 shares in the capital of the Company. The said 120,000 shares and 60,000 of the said 100,000 Share Purchase Warrants will be offered to the public in units each consisting of 2 shares and 1 Share Purchase Warrant at an offering price of $12.00 per unit. The offering price of the remaining 40,000 Share Purchase Warrants is 6 cents per Warrant. Reference is made to Paragraph 16 hereof.

Within the two preceding years the Company has issued and sold:

(i) 115,000 shares in the capital of the Company for an aggregate consideration of $345,000 paid in cash, all of which shares have been duly issued and allotted and are fully paid up;

(ii) 36,000 shares in the capital of the Company for an aggregate consideration of $199,800 representing part of the purchase price paid by the Company for the acquisition by the Company of all the issued and outstanding shares in the capital of The Neustadt Manufacturing Company Limited ("Neustadt"), 80 5% non-cumulative participating preference shares and 1,980 common shares in the capital of Peppler Bros. Company Limited ("Peppler Bros.") being all of the issued and outstanding shares in the capital of Peppler Bros. (other than 1,000 common shares owned by Neustadt). Reference is hereby made to Paragraphs 22 and to Clause (ii) of Paragraph 27 hereof for the terms of the agreement under which such shares were issued. No commissions were paid by the Company on the issue of the securities referred to in Clause (i) and (ii) above.

13. The estimated net proceeds to be derived by the Company from the sale of 120,000 shares and 100,000 Share Purchase Warrants on the basis of the same being fully taken up and paid for is $674,000 less legal, auditing and other expenses in connection with the issuance thereof, the incorporation of the Company and the acquisition of the aforementioned shares of Neustadt and Peppler Bros., which expenses are estimated at $40,000.

14. The net proceeds to the Company from the sale by the Company of the securities referred to in Paragraph 13 hereof will be applied to reduce a bank loan in the amount of $500,000 which was incurred by the Company to enable it to pay part of the cash portion of the purchase price paid by the Company for the purchase of all the issued and outstanding shares in the capital of Neustadt and Peppler Bros. pursuant to the agreement dated May 18, 1965 referred to in Clause (ii) of Paragraph 27 hereof, and the balance will be used for the general corporate purposes of the Company.

15. No minimum amounts in the opinion of the Directors, must be raised by the issue of the said securities to provide the sum required or the balance of the sum required to pay the purchase price of any property, to meet preliminary expenses, or commissions payable by the Company or to repay bank loans except that the amount of $500,000 must be raised to repay the bank loan referred to in Paragraph 14 hereof.

16. By agreement dated June 15, 1965, as amended by letter agreement dated July 23, 1965, and made between the Company and Annett & Company Limited, 220 Bay Street, Toronto, Ontario, acting on its own behalf as underwriter (hereinafter referred to as the "Underwriter") the Company agreed to sell and the Underwriter agreed to purchase, subject to the terms and conditions set out in the said agreement and compliance with the necessary legal formalities, 120,000 shares in the capital of the Company and 100,000 Share Purchase Warrants for an aggregate purchase price of $674,000 payable in cash against delivery of certificates in interim or definitive form for the said shares and Share Purchase Warrants on or about August 16, 1965.

As stated in Paragraph 12 hereof the 120,000 shares and 60,000 of the said 100,000 Share Purchase Warrants are being offered in units each consisting of 2 shares and 1 Share Purchase Warrant. The remaining 40,000 Share Purchase Warrants of the Company being purchased by the Underwriter pursuant to the agreement aforesaid will be offered by the Underwriter at a price of 6 cents per warrant.

17. The by-laws of the Company contain the following provisions with respect to the remuneration of the Directors:

"The remuneration (if any) to be paid to the Directors shall be such as the Board of Directors shall from time to time determine. Any remuneration so payable to a Director who is also an officer or employee of the Company or who is counsel or solicitor to the Company or otherwise serves it in a professional capacity shall be in addition to his salary or to his professional fees as the case may be. The Directors may also by resolution award special remuneration to any Director undertaking any special services, on the Company's behalf, other than the routine work ordinarily required of a Director of the Company, and may allow any Director who is an officer of the Company a monthly allowance towards the maintenance and upkeep of an automobile and confirmation of any such resolution or resolutions by the shareholders shall not be required. The Directors shall also be entitled to be paid for travelling and other expenses properly incurred by them in connection with the affairs of the Company."

18. The first fiscal period of the Company will end on December 31, 1965. The aggregate remuneration estimated to be paid or payable to the Directors of the Company as such during the current fiscal year is nil. The aggregate remuneration estimated to be paid or payable by the Company and its subsidiaries during the current fiscal year of the Company to officers of the Company and its subsidiaries who individually are entitled to receive remuneration in excess of $10,000 per annum is $77,000.

19. No amount has been paid within the two years preceding the date hereof or is now payable by the Company as a commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligation of the Company. Reference is made to Paragraph 16 hereof.

20. The Company has not been carrying on business for more than one year and the estimated amount of preliminary expenses is $10,000, which amount is included in the amount of $40,000 referred to in paragraph 13 hereof.

21. The Company purchased on July 15, 1965 for a purchase price of $40,000, subject to the usual adjustments, a parcel of real property adjacent to the eastern boundary of the Town of Hanover having an area of approximately 82 acres on which the Company will erect the new one-storey factory referred to in paragraph 10 hereof.

Except as aforesaid, no property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the securities hereby offered, or has been paid within the last two years preceding the date hereof, or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date hereof, other than transactions entered into in the ordinary course of operations or on the general credit of the Company and other than as referred to in Paragraph 22 hereof.

22. On May 21, 1965 the Company acquired from Frederick H. Peppler 320 common shares with a par value of $25 each in the capital of Neustadt being all of the issued and outstanding shares in the capital of Neustadt, 80 5% non-cumulative participating preference shares and 1,980 common shares with a par value of $100 each in the capital of Peppler Bros. being all of the issued and outstanding shares in the capital of Peppler Bros. (other than 1,000 common shares owned by Neustadt) for an aggregate consideration of $1,000,000 satisfied by the payment of $750,200 in cash, by the issuance of two unsecured promissory notes of the Company each in the principal amount of $25,000, each bearing interest at the rate of 6% per annum and one of which matures on May 21, 1966 and the other on May 21, 1967, and by the issuance of 36,000 shares in the capital of the Company for an aggregate consideration of $199,800.

No amount has been paid or agreed to be paid for goodwill.

Reference is hereby made to Clause (ii) of Paragraph 27 hereof for the terms of the agreement relating to the acquisition of such shares by the Company.

23. Other than as referred to in Paragraphs 21 and 22 hereof no securities of the Company have within the two years preceding the date of this prospectus been issued or agreed to be issued as fully or partly paid up otherwise than in cash.

24. No obligations are offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the securities hereby offered except for legal, auditing and other services in connection with the issue of the said securities, the incorporation of the Company and the acquisition of the aforementioned shares of Neustadt and Peppler Bros. No services have been rendered to the Company within the two years preceding the date of this prospectus which have been or are to be paid for by securities of the Company.

26. No amount has been paid within the two years preceding the date of this prospectus or is intended to be paid to any promoter of the Company as such.

Annett & Company Limited carried out certain studies of the furniture industry and of various companies carrying on business within the industry, which studies resulted in its decision to undertake the formation of a company for the purposes stated on Page 2 of this prospectus and it has been primarily through the efforts of Annett & Company Limited that the persons who are the directors of the Company and who compose the management of the Company have been brought together. As stated in Paragraph 28 hereof 20,000 shares have been issued to Annett & Company Limited and 13,000 shares have been issued to Douglas R. Annett in each case for a cash consideration of $3.00 per share. In addition, 6,100 shares have been issued to C. G. King, 1,500 shares to J. W. Annett, 2,700 shares to T. A. W. Duncan, 1,500 shares to J. B. Whitely and 1,500 shares to J. A. M. Belshaw, all for a cash consideration of $3.00 per share, being persons who have an interest either directly or indirectly to an extent of not less than 5% in the capital of Annett & Company Limited. For the foregoing reasons and because Annett & Company Limited will maintain and continue to have an interest in the development of the Company, Annett & Company Limited may be considered a promoter of the Company.

27. The Company has not entered into any material contracts since incorporation other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company except

(i) the underwriting agreement referred to in Paragraph 16 hereof;

(ii) the agreement dated May 18, 1965, between the Company and Frederick H. Peppler (hereinafter called the "Purchase Agreement") pursuant to which the Company agreed to purchase all of the issued and outstanding shares in the capital of each of Neustadt and Peppler Bros. (other than 1,000 common shares of Peppler Bros. owned by Neustadt) for an aggregate purchase price of $1,000,000 satisfied by the payment of $750,200 in cash, by the issuance of two unsecured promissory notes each in the principal amount of $25,000, each bearing interest at the rate of 6% per annum and one of which matures on May 21, 1966 and the other on May 21, 1967 and by the issuance of 36,000 shares in the capital of the Company for an aggregate consideration of $199,800.

(iii) an escrow agreement between the Company and Frederick H. Peppler and the Trustees therein named dated May 21, 1965 (hereinafter called the "Escrow Agreement") pursuant to which the two promissory notes and 18,000 of the 36,000 shares referred to in Clause (ii) above were transferred by Frederick H. Peppler to the Trustees to secure the performance by Frederick H. Peppler of certain obligations required to be performed pursuant to the terms and conditions of the Purchase Agreement. All of such obligations have been performed at the date hereof and accordingly the two promissory notes and the said 18,000 shares have been released from the terms and conditions of the Escrow Agreement and the Escrow Agreement has been terminated.

(iv) a contract dated July 16, 1965, between the Company and The Austin Company Limited, General Contractors, providing for the construction of the new factory and for the making of certain additions and alterations to the existing factory of Peppler as referred to on page 2 of this prospectus and in paragraph 10 hereof.

(v) an agreement of purchase and sale between the Company and J. Frederick Richardson arising from the exercise of an option granted to the Company pursuant to which the Company purchased the parcel of real property adjacent to Hanover, Ontario referred to in paragraph 21 hereof.

Copies of the said agreements and, when entered into, the Warrant Indenture referred to in Paragraph 11 of this Statutory Information may be inspected at the Head Office of the Company at 151 Bloor Street West, Toronto, Ontario during ordinary business hours during the course of primary distribution to the public of the securities offered hereby and during the following thirty days.

28. The Company has not acquired and does not propose to acquire any property in which any Director had or has any interest except the shares of Neustadt and of Peppler Bros. acquired from Frederick H. Peppler as referred to in Paragraph 22 hereof.

Following its incorporation, the Company issued and sold an aggregate of 115,000 shares at a price of $3.00 per share, of which 17,500 were purchased by J. William Stack Jr., a director and officer of the Company, 20,000 were purchased by Annett & Company Limited, 13,000 were purchased by Douglas R. Annett, a director and officer of the Company, 500 were purchased by Allan L. Beattie, a director and officer of the Company, 1,000 were purchased by Robert Ducas, a director of the Company, 1,000 were purchased by Alec Roy Jacobs, a director of the Company and 1500 were purchased by Richey Bryce Love, a director of the Company. Douglas R. Annett, a director and officer of the Company, is a director, officer and the largest shareholder of Annett & Company Limited, which Company has also entered into the agreement with the Company referred to in paragraph 16 hereof. Allan L. Beattie, a director of the Company, is a partner in the firm of Messrs. Osler, Hoskin & Harcourt, which firm will be paid legal fees in connection with the formation of the Company, the acquisition of the said shares in the capital of Neustadt and Peppler Bros. and the issue by the Company of the securities offered by this prospectus.

29. The Company has carried on business since its incorporation on March 8, 1965. The business of Neustadt and its subsidiaries and of Peppler Bros. have been carried on for more than three years. The Company has not acquired and does not propose to acquire either by direct acquisition or indirectly by ownership of shares or otherwise any business that has been carried on for less than 3 years preceding the date of this prospectus.

30. Annett & Company Limited and its associates may be in a position to elect or cause to be elected a majority of the Directors of the Company.

31. Prior to the purchase by Annett & Company Limited pursuant to the underwriting agreement referred to in paragraph 16 hereof of the securities hereby offered, the 115,000 shares in the capital of the Company referred to in clause (i) of paragraph 12 hereof shall have been placed in escrow with Guaranty Trust Company of Canada pursuant to the terms of two escrow agreements each dated as of July 15, 1965. Under the terms of one of such agreements 18,500 of such shares shall be released on August 16, 1967 and pursuant to the terms of the other agreement 96,500 of such shares may be released after August 16, 1967, subject to the consent of the Company and the Ontario Securities Commission, in accordance with a formula based on the consolidated net earnings of the Company as determined by the auditors of the Company in accordance with generally accepted accounting principles consistently applied. Subject to the prior written consent of the Ontario Securities Commission the said escrow agreements permit the transfer of such shares respectively held in escrow thereunder provided that such shares remain subject to such escrow, the pledging of shares held in escrow as security for any loan made by a Canadian chartered bank and the earlier release of such shares from the terms of such escrow.

32. No dividends have been paid by the Company.

33. There are no other material facts not disclosed in the foregoing including the information supplied by the President of the Company which appears on pages 2 and 3 of this prospectus.

The foregoing constitutes full, true and plain disclosures of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario) and under The Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated this 3rd day of August, 1965.

Directors

(signed) D. R. Annett

(signed) A. L. Beattie

(signed) J. W. Stack Jr.

(signed) Frederick H. Peppler

(signed) A. R. Jacobs

(signed) Robert Ducas
by his agent authorized
in writing J. W. Stack Jr.

(signed) Richey Bryce Love
by his agent authorized
in writing J. W. Stack Jr.

Promoter

ANNETT & COMPANY LIMITED

by: T. A. W. Duncan

Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above or required by Section 39 of The Securities Act (Ontario) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

ANNETT & COMPANY LIMITED

by: T. A. W. Duncan

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of Annett & Company Limited: D. R. Annett, C. G. King, J. W. Annett, T. A. W. Duncan, J. B. Whitely and J. A. M. Belshaw.

PRINTED IN CANADA

THE FRANKLIN PRESS LIMITED, TORONTO